

**25th CONGRESS**

Proposal of a general nature

**00****POSTAL OPERATIONS COUNCIL****Resolution****Future work on the terminal dues system for 2018–2021**

Congress,

Considering

the mandates given by the 2004 and 2008 Congresses to ensure that the remuneration systems to be proposed to the 25th Congress promote fulfilment of the obligation to provide universal service and preserve the integrity of the postal network,

Recognizing

that the financial relations between designated operators should take into account the environment in which the Posts operate, particularly as regards the opening of postal markets to competition,

Recalling

that the provisions of the Convention concerning terminal dues contain transitional arrangements leading to the adoption at the worldwide level of the target system, which is characterized by country-specific, cost-based remuneration principles,

Aware

that the target system offers important development opportunities to the countries themselves and to the universal postal system as a whole through the link between terminal dues and quality of service and through the implementation of a quality measurement system,

Recognizing also

that the special situation of countries in the transition system needs to be considered very carefully so that these countries join the target system gradually and in a way that the development opportunities offered therein are ensured and the risks of negative impacts are minimized,

Noting

the results of the studies on market conditions, customer needs and impacts of terminal dues and tariff increases on designated operators,

Taking into account

regulatory requirements and customer interests,

Mindful

of the need to seek compatibility between the remuneration aspects of letter-post services and the rules of the World Trade Organization,

Recognizing further

that the objective of fully applying the provisions of the target system to all countries, by the recommended deadline of 31 December 2017, requires transitional measures for new target and transition system countries (classified by the 2008 Congress into groups 1.2, 2, 3, 4 and 5),

Mindful also

of the conclusions of the external study, which found that certain provisions of the transition terminal dues system (such as the compound rate) constitute a serious challenge to postal development,

Recognizing in addition

that the Quality of Service Fund is an important resource for improving the quality of postal services provided by countries in the transition system,

Considering further

that the work should be organized in a way that will allow the associated costs to be contained,

*Instructs*

the Council of Administration to:

- ensure that affordable universal service and the integrity of the postal network are maintained;
- continue the process of gradually applying country-specific, cost-based principles for the remuneration of letter-post exchanges at the worldwide level;
- pursue the objective and process of gradually applying target system principles to new target countries for the 2018–2021 period, while ensuring that transitional measures to mitigate financial impacts are taken. Due consideration should be given to eliminating inconsistencies in the transition terminal dues system, which hamper postal development;
- assess the possibilities and propose conditions and measures that will allow group 4 and 5 countries to benefit from application of the basic provisions of the target terminal dues system during the 2018–2021 period;
- ensure, in coordination with the POC, that countries in groups 3, 4 and, especially, 5 benefit from development projects, namely quality improvement projects financed through the QSF. To that end, a report containing an assessment of development projects implemented during this cycle and a proposal for the next cycle will be submitted to the 26th Congress;
- propose a timetable or a transition principle for the full application of target system provisions by countries in groups 1.2, 2, 3, 4 and 5, taking into account the experience gained from previous transitions of countries as well as the market, customer and financial impacts involved;
- review the methodology for the classification of countries,

*Also instructs*

the Postal Operations Council to carry out the following work:

- Terminal dues model:
  - conduct a cost study aimed at establishing the relationship between domestic tariffs and the cost of processing inward international mail;
  - review the formula for converting the domestic tariffs of destination countries into terminal dues rates based on an accurate linearization methodology, taking into account the special situation of countries whose domestic tariffs are set on a social basis and do not cover the cost of providing inbound letter-post delivery services, and in particular taking into consideration format-separated terminal dues rates and the possible use of lower rates for non-priority mail;
  - assess the impact of the new terminal dues rates on markets and designated operators;

- propose remuneration for other services (such as registered and insured letters);
  - propose changes to the systems applied for the remuneration of international postal items in the destination country, with a view to their harmonization;
  - examine access pricing as an alternative remuneration system;
  - study the possibility of applying parts of the target system provisions by the transition countries on a voluntary basis.
- Statistics, accounting and operations:
- develop operational, statistical and accounting procedures that are relevant to the terminal dues system;
  - develop operational, accounting and statistical procedures to complete the implementation of format separation of mails;
  - study the use of receptacles other than bags and its implications, including the question of gross and net weights and the management of such receptacles;
  - carry out a study on the transportation costs associated with surface mails in transit and propose land and sea transport rates to the 2014 POC;
  - review the provisions on the definition of bulk mail in the Letter Post Regulations, taking into account the reasons for their adoption and experiences resulting from their application;
- Quality of service link:
- review the provisions governing the link between terminal dues and quality of service with respect to bonuses and penalties as well as applicable standards and targets;
  - propose a timetable for the participation of designated operators in the measurement system based on the timetable for the transition of countries to the target system;
- Quality of Service Fund:
- ensure that appropriate levels of contributions are assigned to the countries most in need;

and report to the Council of Administration on the progress of the terminal dues work,

*Further instructs*

the International Bureau to:

- carry out the studies provided for in the work assigned to the CA and POC;
- implement the terminal dues system for the 2014–2017 period;
- support the work assigned to the CA and POC;
- update the Operations and Accounting Guide for terminal dues and transit charges, and undertake training activities for countries/regions in need;
- update the Transit Manual on a yearly basis;
- review the postal development indicator.

**Reasons.** – See Congress–Doc 20.Add 2.